EXHIBIT 7

Complete, Restricted-use Appraisal Report of

1. *A ±49,054-square-foot office building located at 121 South 17th Street, Mattoon, Illinois;*
2. *A ±30,687-square-foot office building located at 1421 Charleston Avenue, Mattoon, Illinois;*
3. *A ±30,883-square-foot warehouse/distribution building located at 2116 South 17th Street, Mattoon, Illinois;*
4. *A ±14,655-square-foot warehouse/distribution building located at 1000 South Spresser, Taylorville, Illinois.*

For

Homebase Acquisition Corp.

As of July 25, 2002

July 31, 2002

Mr. Don Shassian
Chief Financial Officer
Homebase Acquisition Corp.
P.O. Box 1234
Mattoon, IL 61938

Re: Appraisal of two office buildings and two warehouse/distribution building in a sale-lease transaction between Agracel, Inc. ("Agracel," the buyer) and Subsidiaries of Homebase Acquisition Corp. ("Homebase," the seller).

Dear Mr. Shassian:

As you requested, we have inspected and performed an estimate of market value for the following properties:

1. A ±49,054-square-foot office building located at 121 South 17th Street, Mattoon, Illinois;
2. A ±30,687-square-foot office building located at 1421 Charleston Avenue, Mattoon, Illinois;
3. A ±30,883-square-foot warehouse/distribution building located at 2116 South 17th Street, Mattoon, Illinois;
4. A ±14,655-square-foot warehouse/distribution building located at 1000 South Spresser, Taylorville, Illinois.

It is our understanding that this report will be used as part of sale and one-year lease transactions between Agracel, Inc. ("Agracel," the buyer) or its assigns and Subsidiaries of Homebase Acquisition Corp. (herein after referred to as "Homebase," the seller), the proposed buyer of Illinois Consolidated Telephone Company ("ICTC") and several of its affiliates. In addition, we understand that the results of our analysis will be submitted to the Illinois Commerce Commission and used for financing purposes.

This complete, restricted-use appraisal report is in compliance with the Code of Professional Ethics and Standards of Professional Practice set forth by the Appraisal Institute as well as the Uniform Standards of Professional Appraisal Practice (USPAP) adopted by the Appraisal Foundation. At your request, we will also be submitting a complete, self-contained appraisal report of the properties described herein at a later date.

Based upon our findings, it is our opinion that the market value of the leased fee interest in the subject properties, as of July 25, 2002 are as follows:

Property:	Use:	As-is Market Value Estimate:
121 South 17th Street, Mattoon, IL*	Office	$3,830,000
1421 Charleston Avenue, Mattoon, IL*	Office	$2,370,000
2116 South 17th Street, Mattoon, IL	Warehouse/Distribution	$1,070,000
1000 South Spresser, Taylorville, IL	Warehouse/Distribution	$220,000

** Includes additional parcel(s) for surface parking*

This analysis is subject to the attached Statement of General Assumptions and Limiting Conditions and the attached report delineating our assumptions, methodologies and conclusions. This report is being presented in limited format. As such, it presents only a limited discussion of our opinion of value. Supporting documentation concerning the data, reasoning and analyses is retained in Deloitte & Touche LLP's files, and will be fully discussed in the complete, self-contained appraisal report which will be submitted at a later date. The depth of discussion contained in this report is specific to the needs of the client and for the intended use specified in the report.

Very truly yours,

DELOITTE & TOUCHE LLP

By: ______________________
Matthew G. Kimmel

Attachments

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CERTIFICATION

We certify that, to the best of our knowledge and belief,

the statements of fact contained in this report are true and correct;

the reported analyses, opinions and conclusions are limited only by the accompanying limiting conditions and assumptions, and are our personal, unbiased professional analyses, opinions and conclusions;

the appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan;

we have no present or prospective interest in the property that is the subject of this report and we have no personal interest or bias with respect to the parties involved;

our compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event;

our analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Uniform Standards of Professional Appraisal Practice;

as of the date of this report, Matthew G. Kimmel, MAI has completed the requirements of the continuing education program of the Appraisal Institute;

Laura R. Fiore and Jason D. Trailov inspected the properties that are the subject of this report on July 25 and 26, 2002; Matthew G. Kimmel, MAI, and Bryan E. Younge did not inspect the properties, but participated in the analysis and concur with the conclusions.

we have performed within the context of the competency provision of the Uniform Standards of Professional Appraisal Practice; and that

the use of this report is subject to the requirements of the Appraisal Institute, State Licensing Agencies or other appropriate professional organizations relating to review by its duly authorized representatives.

Matthew G. Kimmel, MAI
Partner, Financial Advisory Services
Illinois Certified General Appraiser
#153000477, Expires 9/30/03

Bryan E. Younge
Sr. Consultant, Financial Advisory Services
Illinois Certified General Appraiser
#153001437, Expires 9/30/03

Laura R. Fiore
Consultant, Financial Advisory Services

Jason D. Trailov
Consultant, Financial Advisory Services

STATEMENT OF APPRAISAL ASSUMPTIONS AND LIMITING CONDITIONS

This valuation opinion report has been prepared pursuant to the following general assumptions and general limiting conditions:

1. We assume no responsibility for the legal description or matters including legal or title considerations. Title to the subject assets, properties, or business interests are assumed to be good and marketable unless otherwise stated.

2. The subject assets, properties, or business interests are appraised free and clear of any or all liens or encumbrances unless otherwise stated.

3. We assume responsible ownership and competent management with respect to the subject assets, properties, or business interests.

4. The information furnished by others is believed to be reliable. However, we issue no warranty or other form of assurance regarding its accuracy.

5. We assume that there is full compliance with all applicable Federal, state, and local regulations and laws unless noncompliance is stated, defined, and considered in the appraisal report.

6. We assume that all required licenses, certificates of occupancy, consents, or legislative or administrative authority from any local, state, or national government, private entity or organization have been or can be obtained or renewed for any use on which the valuation opinion contained in this report is based.

7. Possession of this valuation opinion report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the party to whom it is addressed without our written consent and, in any event, only with proper written qualifications and only in its entirety.

8. We, by reason of this valuation, are not required to give testimony, or to be in attendance in court with reference to the assets, properties, or business interests in question unless arrangements have been previously made.

9. This valuation opinion report has been prepared in conformity with, and is subject to, the requirements of the code of professional ethics and standards of professional conduct of the professional appraisal organizations of which we are members.

10. Disclosure of the contents of this valuation opinion report is governed by the bylaws and regulations of the Appraisal Institute and the American Society of Appraisers.

11. No part of the contents of this report (especially any conclusions of value, the identity of the appraisers, or the firm with which the appraisers are associated) shall be disseminated to the public through advertising, public relations, news, sales, or other media without our prior written consent and approval.

12. We assume no responsibility for any financial reporting judgments which are appropriately those of management. Management accepts the responsibility for any related financial reporting with respect to the assets, properties, or business interests encompassed by this appraisal.

13. The valuation opinions contained within this report are valid only as of the indicated date and for the indicated purpose.

14. The appraisers were not provided with any lease contracts that will be exercised upon the sale-lease transaction. According to Homebase, each of the subject properties will be leased at no higher than market rates on a year-to-year, absolute net basis, with nine renewal options at the predetermined lease rate. This lease rate is assumed to escalate by 2.5% annually. At the end of the 10-year renewable option period, Homebase has the right to continue to lease all subject space, albeit at market rates. For the purpose of this analysis, and considering the history of the tenants in place, we are assuming that the subject leases will be secured throughout the 10-year period (commencing on August 1, 2002), subsequent to which there will be probability of renewal at market rates, and probability of vacation/re-lease. We have accounted for the risk of Homebase not exercising its renewals during the holding period in our financial modeling.

    The following chart summarizes the assumed lease rates for the subject properties, assuming an August 1, 2002 commencement date for each:

Property:	Proposed Yr. 1 Contract Rent PSF:	Escalations:	Expense Treatment:
121 South 17th Street, Mattoon	$10.89	2.5% increase annually	NNN
1421 Charleston Avenue, Mattoon	$9.91	2.5% increase annually	NNN
2116 South 17th Street, Mattoon	$4.45	2.5% increase annually	NNN
1000 South Spresser, Taylorville	$1.93	2.5% increase annually	NNN

15. The majority of the market information presented in this report was negotiated prior to, or was consummated prior to, the terrorist related events that took place on September 11, 2001. While there may have been an impact on both the local and national economy from these events, we are unable to measure what, if any impact these events may have caused on property values in the subject's immediate market area. We have, however, attempted to quantify the impact on value based on published market sources and discussions with market participants; yet, our adjustments to value are solely subjective in nature.

INTRODUCTION

Identification of the Properties

Based on the engagement contract, we are reporting our valuation results in a limited format. The scope of our engagement includes the valuation of the land, land improvements and building improvements of the following properties:

1. A ±49,054-square-foot office building located at 121 South 17th Street, Mattoon, Illinois;
2. A ±30,687-square-foot office building located at 1421 Charleston Avenue, Mattoon, Illinois;
3. A ±30,883-square-foot warehouse/distribution building located at 2116 South 17th Street, Mattoon, Illinois;
4. A ±14,655-square-foot warehouse/distribution building located at 1000 South Spresser, Taylorville, Illinois.

Purpose and Date of the Appraisal

We have completed our analysis and valuation of the above-referenced real property for Homebase Acquisition Corp. The purpose of our study is to estimate the fair market value of the leasehold estate of the subject properties, as of July 25, 2002.

Intended Use of the Appraisal

It is our understanding that this report will be used as part of sale and one-year lease transactions between Agracel, Inc. ("Agracel," the buyer) or its assigns and Subsidiaries of Homebase Acquisition Corp. ("Homebase," the seller), the proposed buyer of Illinois Consolidated Telephone Company ("ICTC") and several of its affiliates. In addition, we understand that the results of our analysis will be submitted to the Illinois Commerce Commission and used for financing purposes.

Extent of Data Collection

As part of this assignment, the appraisers made a number of independent investigations and analyses. The valuation is based on the findings contained in this report and is subject to all the assumptions and limiting conditions contained herein.

Scope of the Assignment

The depth of discussion contained in this report is specific to the needs of the client and for the intended use stated within. In accordance with our arrangement with Homebase, this report is the result of a complete, restricted-use appraisal process. A complete, restricted-use appraisal report contains a complete analysis with limited descriptions of the data, reasoning, and methodology used to arrive at the value conclusion. This report complies with the reporting requirements set forth under Standards Rule 2-1(c) of the Uniform Standards of Professional Appraisal Practice (USPAP) for a complete, restricted-use appraisal report. It presents limited data on the facts and assumptions that were used in the appraisal process to develop our opinion of value. Supporting documentation concerning the data, reasoning and analyses is retained in our files, and will be presented in a complete, self-contained appraisal report to be submitted at a later date.

Legal Description

We were provided with legal descriptions for the subject properties.

Competency Provision

We have the knowledge and experience to complete this appraisal assignment and have previously appraised these types of properties.

Property Rights Appraised

The property rights being evaluated in our estimate of value are the leased fee interest in the real property of the subjects. Leased Fee Estate is defined by the Dictionary of Real Estate Appraisal, (1993), published by the Appraisal Institute, as follows:

> *"An ownership interest held by a landlord with the right of use and occupancy conveyed by lease to others. The rights of the lessor (the leased fee owner) and the leased fee are specified by contract terms contained within the lease."*

Definition of Value

We understand Homebase intends to continue to use the subject assets at the existing locations in their current form. Accordingly, our value premise for these assets is "in continued use," which represents the value to an owner and not a value that might be realized in event of piecemeal disposition. All values disclosed within this report are estimates of market value. Market value is defined by The Appraisal of Real Estate, 12th Edition (2002), as:

> *The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus.*
>
> *Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:*
>
> 1. *Buyer and seller are typically motivated;*
> 2. *Both parties are well informed or well advised and acting in what they consider their own best interest;*
> 3. *A reasonable time is allowed for exposure in the open market;*
> 4. *Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and*

5. *The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.*

SUMMARY OF SALIENT FACTS AND CONCLUSIONS

"General Corporate Office" Building:

Location:	121 South 17th Street, Mattoon, Illinois
Land Area (Including Parking Area):	36,000 square feet (0.83 acres)[1]
Zoning Designation:	C3 – Service Commercial District
Improvements:	6-story office building with a partially finished basement
Year Completed:	1929
Years Renovated:	1972, 1994-1995
Gross Leasable Area (GLA):	49,054 square feet
Highest and Best Use	
As Vacant:	Office Building
As Improved:	Current use as an office building
Exposure Time:	Six to twelve months
Marketing Time:	Six to twelve months
Value Conclusions:	
Income Approach:	\$3,830,000
Sales Comparison Approach:	\$3,680,000
Cost Approach:	Not Applicable
Reconciled Value:	\$3,830,000
Comments:	The subject's interests consist of the office building, which is situated on a single parcel of land, as well as two additional parcels of land used for surface parking.

[1] Land area is estimate based on Assessor information

"Sales and Administrative / Masonic" Building:

Location:	1421 Charleston Avenue, Mattoon, Illinois
Land Area (Including Parking Area):	42,280 square feet (0.97 acres)
Zoning Designation:	C3 – Service Commercial District
Improvements:	Three-story office building with a finished basement
Year Completed:	1928
Year Renovated:	1992
Gross Leasable Area (GLA):	30,687 square feet
Highest and Best Use	
As Vacant:	Office Building
As Improved:	Current use as an office building
Exposure Time:	Six to twelve months
Marketing Time:	Six to twelve months
Value Conclusions:	
Income Approach:	$2,370,000
Sales Comparison Approach:	$2,330,000
Cost Approach:	Not Applicable
Reconciled Value:	$2,370,000
Comments:	The subject's interests consist of the office building, which is situated on a single parcel of land, an adjacent parcel of land used for surface paring, as well as two additional parcels of land used for surface parking that are located across the street form the subject.

“Field Operation” Building:

Location:	2116 South 17th Street, Mattoon, Illinois
Land Area (Including Parking Area):	96,314 square feet (2.21 acres)
Zoning Designation:	C3 – Service Commercial District
Improvements:	Two -story warehouse/distribution facility
Year Completed:	1986
Year Renovated:	1993-1994
Gross Leasable Area (GLA):	30,883 square feet
Highest and Best Use	
As Vacant:	Warehouse/Distribution facility
As Improved:	Current use as a warehouse/distribution facility
Exposure Time:	Six to twelve months
Marketing Time:	Six to twelve months
Value Conclusions:	
Income Approach:	$1,070,000
Sales Comparison Approach:	$990,000
Cost Approach:	Not Applicable
Reconciled Value:	$1,070,000
Comments:	The subject’s interests consists of a warehouse/ distribution facility and on outside storage area, which are situated on a single parcel of land

“Taylorville” Garage Facility:

Location:	1000 South Spresser (Rt. 48), Taylorville, Illinois
Land Area (Including Parking Area):	135,907 square feet (3.12 acres)
Zoning Designation:	I2 – Heavy Industrial
Improvements:	Single-story warehouse/distribution facility
Year Completed:	1979
Year Renovated:	N/A
Gross Leasable Area (GLA):	14,655 square feet
Highest and Best Use	
As Vacant:	Warehouse/Distribution Facility
As Improved:	Current use as a warehouse/distribution facility
Exposure Time:	Six to twelve months
Marketing Time:	Six to twelve months
Value Conclusions:	
Income Approach:	$220,000
Sales Comparison Approach:	$230,000
Cost Approach:	Not Applicable
Reconciled Value:	$220,000
Comments:	The subject consists of the warehouse/distribution facility and one outside storage area, which are situated on a single parcel of land.

MARKET AREA ANALYSIS

Area Overview

The subject properties are located in Mattoon, in Coles County, and Taylorville in Christian County, Illinois. Coles and Christian Counties are located in central Illinois, roughly halfway between Chicago and St. Louis.

Economic and Demographic Review

Based on fieldwork conducted in the area and our in-house sources, we have evaluated various economic and demographic statistics to evaluate the landscape for office and warehouse demand and activity. A primary source of economic and demographic statistics used in this analysis is the Complete Economic and Demographic Data Source published by Woods & Poole Economics, Inc. – a well-regarded forecasting service based in Washington, DC. Using a database containing more than 300 variables for each county in the nation, Woods & Poole employs a sophisticated regional model to forecast economic and demographic trends. Historical statistics are based on census data and information published by the Bureau of Economic Analysis. Projections are formulated by Woods & Poole, and all dollar amounts have been adjusted for inflation, and thus, growth or decline represents real change in constant dollars.

Population

Although there is no direct correlation between the size of an area's population and its specific level of demand for commercial real estate, a review of an area's historical and projected population trends and composition is an important step in evaluating the local economic climate and determining projected growth in demand for commercial real estate.

According to Woods & Poole Economics, Inc., population growth has been moderate in the subject counties over the past ten years. From 1990 to 2001, Coles County's population increased by 0.3% compounded annually. Christian County's population increased by 0.2% annually over the same period. Population in the State of Illinois, by contrast, increased at an average annual compounded growth rate of 0.8%, between 1990 and 2001. These local figures are slightly below the national gains of 1.2% annually during the 1990s.

Projections indicate that population increases from 2001 through 2010 will remain steady compared to recent growth trends. Coles and Christian Counties are projected to experience average annual compounded increases of 0.4% and 0.2%, respectively, during this period. Illinois and the United States populations are forecasted to increase at an average annual compounded rate of 0.6% and 1.0%, respectively, through 2010.

Employment

Total employment in Coles County increased at an average annual rate of 1.9% between 1980 and 2001, with a slight increase in the growth rate to 2.1% from 1990 to 2001. In Christian County, the average annual growth rates were 1.0% and 1.1% for 1980-2001 and 1990-2001, respectively. Growth over the 20-year period has been largely paced by expansions in the services, retail trade, government and construction sectors. Between 1980 and 2001, the service sector's portion of the total employment picture increased from 17.3% to 33.3% in Coles County, and from 20.1% to 28.1% in Christian County. The biggest losses in employment over that period were in the farming and mining sectors of the economy. Overall, the employment picture for Coles and Christian Counties is expected to remain moderately favorable through 2010, with growth rates of 1.4% and 1.2% per year expected. The following tables illustrate employment patterns by sector for Coles and Christian Counties.

HISTORICAL AND PROJECTED EMPLOYMENT - Coles County, Illinois (000s)

Industry	1980	Percent of Total	1990	Percent of Total	2001	Percent of Total	2010	Percent of Total	Average Annual Compounded Percent Change 1980-2001	1990-2001	2001-2010
Farm	1.3	5.3 %	1.0	3.3 %	0.8	2.0 %	0.7	1.6 %	(2.6) %	(2.1) %	(1.5) %
Agriculture Services, Other	0.2	0.7	0.1	0.5	0.2	0.6	0.2	0.6	0.9	3.5	1.2
Mining	0.2	1.0	0.3	0.9	0.1	0.4	0.2	0.4	(2.4)	(4.9)	1.4
Construction	1.2	4.8	1.3	4.5	1.7	4.5	1.9	4.5	1.6	2.0	1.5
Manufacturing	5.3	21.2	6.0	20.3	5.7	15.5	5.7	13.6	0.3	(0.4)	(0.1)
Trans., Comm. & Public Utils.	1.5	5.9	1.5	5.0	1.6	4.2	1.5	3.5	0.2	0.4	(0.5)
Total Trade	4.7	18.7	5.4	18.2	6.6	17.7	6.6	15.8	1.6	1.8	0.1
Wholesale Trade	0.7	2.8	0.8	2.5	0.7	1.9	0.7	1.7	0.1	(0.4)	0.1
Retail Trade	4.0	15.9	4.6	15.7	5.8	15.8	5.9	14.0	1.8	2.2	0.1
Finance, Insurance, & Real Estate	1.5	5.8	1.1	3.8	1.5	3.9	1.5	3.6	(0.0)	2.3	0.4
Services	4.3	17.3	6.6	22.4	12.3	33.3	16.7	39.7	5.1	5.8	3.4
Total Government	4.8	19.3	6.2	21.0	6.7	18.0	7.1	16.8	1.5	0.6	0.6
Federal Civilian Govt.	0.2	0.6	0.2	0.5	0.1	0.4	0.1	0.3	(0.2)	(0.3)	(1.0)
Federal Military Govt.	0.1	0.5	0.2	0.6	0.1	0.3	0.1	0.3	(0.3)	(3.9)	0.3
State & Local Govt.	4.6	18.1	5.9	19.9	6.4	17.2	6.8	16.2	1.6	0.8	0.7
TOTAL	25.1	100.0 %	29.5	100.0 %	37.1	100.0 %	42.0	100.0 %	1.9 %	2.1 %	1.4 %

Source: Woods and Poole Economics, Inc.

HISTORICAL AND PROJECTED EMPLOYMENT - Christian County, Illinois (000s)

Industry	1980	Percent of Total	1990	Percent of Total	2001	Percent of Total	2010	Percent of Total	Average Annual Compounded Percent Change 1980-2001	1990-2001	2001-2010
Farm	1.8	12.7 %	1.3	8.4 %	1.1	6.5 %	1.0	5.1 %	(2.2) %	(1.4) %	(1.4) %
Agriculture Services, Other	0.1	0.7	0.1	0.9	0.2	1.1	0.2	1.0	3.0	3.0	0.9
Mining	1.0	7.2	0.6	4.1	0.1	0.3	0.1	0.3	(13.0)	(20.0)	0.8
Construction	0.7	5.2	1.4	9.0	1.4	8.3	1.8	9.2	3.3	0.3	2.3
Manufacturing	1.2	8.7	0.9	6.1	1.7	9.9	1.9	10.0	1.6	5.7	1.4
Trans., Comm. & Public Utils.	0.7	5.0	0.8	5.0	0.8	4.5	0.8	4.3	0.5	0.0	0.7
Total Trade	3.0	21.1	4.1	26.6	4.0	23.0	4.4	22.5	1.4	(0.3)	0.9
Wholesale Trade	0.8	5.4	1.1	7.2	0.8	4.7	0.9	4.9	0.2	(2.8)	1.7
Retail Trade	2.2	15.6	3.0	19.4	3.2	18.4	3.4	17.7	1.8	0.5	0.7
Finance, Insurance, & Real Estate	1.1	7.8	0.8	5.4	1.2	6.7	1.2	6.3	0.3	3.1	0.4
Services	2.9	20.1	3.6	23.2	4.9	28.1	5.8	29.8	2.6	2.8	1.9
Total Government	1.6	11.6	1.7	11.3	2.0	11.7	2.2	11.4	1.0	1.4	0.9
Federal Civilian Govt.	0.1	0.8	0.1	0.7	0.1	0.6	0.1	0.5	(0.8)	(1.5)	(0.8)
Federal Military Govt.	0.1	0.6	0.1	0.8	0.1	0.5	0.1	0.4	(0.5)	(3.7)	0.3
State & Local Govt.	1.4	10.2	1.5	9.8	1.9	10.7	2.0	10.5	1.2	1.9	1.0
TOTAL	14.2	100.0 %	15.5	100.0 %	17.4	100.0 %	19.3	100.0 %	1.0 %	1.1 %	1.2 %

Source: Woods and Poole Economics, Inc.

Unemployment Statistics

The following table sets forth unemployment statistics for the two subject counties, Illinois, and the nation, between 1992 and 2001.

Unemployment Statistics

Year	Coles County	Christian County	State of Illinois	National Average
1992	5.3%	8.5%	7.6%	7.5%
1993	5.7	7.1	7.5	6.9
1994	3.9	6.4	5.7	6.1
1995	3.9	7.0	5.2	5.6
1996	4.6	6.6	5.3	5.4
1997	3.8	5.4	4.7	4.9
1998	3.9	5.0	4.5	4.5
1999	3.8	5.4	4.3	4.2
2000	4.1	5.4	4.4	4.0
2001	5.3	5.3	5.4	4.8

Source: Bureau of Labor Statistics

Unemployment rates for the two counties, as well as the state and national averages have risen recently after years of decline. This is due to the decline in the overall economy in the past year, as well as the overall economic impact associated with the events of September 11, 2001.

Economic and Demographic Data

The following tables summarize the economic and demographic trends discussed throughout this section. All figures that reflect dollar amounts have been adjusted for inflation by Woods & Poole, and thus reflect real change. It should be noted that the percent changes indicated in the following tables are based on unrounded figures and thus may not calculate exactly.

Economic and Demographic Data - Coles County

Data Type	Period	Data Point	Data Point	Avg. Annual Comp. Change
Population - Coles County				
Historical	1980-2001	52.5	53.3	0.1 %
	1990-2001	51.6	53.3	0.3
Projected	2001-2010	53.3	55.0	0.4
Retail Sales - Coles County				
Historical	1980-2001	399.9	604.0	2.0
	1990-2001	408.5	604.0	3.6
Projected	2001-2010	604.0	665.4	1.1
Personal Income Per Capita - Coles County				
Historical	1980-2001	14,353.0	21,952.0	2.0
	1990-2001	17,697.0	21,952.0	2.0
Projected	2001-2010	21,952.0	25,377.0	1.6
Personal Income - Coles County				
Historical	1980-2001	753.6	1,170.7	2.1
	1990-2001	913.1	1,170.7	2.3
Projected	2001-2010	1,170.7	1,396.8	2.0
Historical Employment - Coles County				
Farm	1980-2001	1.3	0.8	(2.6)
Agriculture Services, Other	1980-2001	0.2	0.2	0.9
Mining	1980-2001	0.2	0.1	(2.4)
Construction	1980-2001	1.2	1.7	1.6
Manufacturing	1980-2001	5.3	5.7	0.3
Trans., Comm. & Public Utils.	1980-2001	1.5	1.6	0.2
Total Trade	1980-2001	4.7	6.6	1.6
Wholesale Trade	1980-2001	0.7	0.7	0.1
Retail Trade	1980-2001	4.0	5.8	1.8
Finance, Insurance, & Real Estate	1980-2001	1.5	1.5	(0.0)
Services	1980-2001	4.3	12.3	5.1
Total Government	1980-2001	4.8	6.7	1.5
Federal Civilian Govt.	1980-2001	0.2	0.1	(0.2)
Federal Military Govt.	1980-2001	0.1	0.1	(0.3)
State & Local Govt.	1980-2001	4.6	6.4	1.6
TOTAL	1980-2001	25.1	37.1	1.9
Projected Employment - Coles County				
Farm	2001-2010	0.8	0.7	(1.5)
Agriculture Services, Other	2001-2010	0.2	0.2	1.2
Mining	2001-2010	0.1	0.2	1.4
Construction	2001-2010	1.7	1.9	1.5
Manufacturing	2001-2010	5.7	5.7	(0.1)
Trans., Comm. & Public Utils.	2001-2010	1.6	1.5	(0.5)
Total Trade	2001-2010	6.6	6.6	0.1
Wholesale Trade	2001-2010	0.7	0.7	0.1
Retail Trade	2001-2010	5.8	5.9	0.1
Finance, Insurance, & Real Estate	2001-2010	1.5	1.5	0.4
Services	2001-2010	12.3	16.7	3.4
Total Government	2001-2010	6.7	7.1	0.6
Federal Civilian Govt.	2001-2010	0.1	0.1	(1.0)
Federal Military Govt.	2001-2010	0.1	0.1	0.3
State & Local Govt.	2001-2010	6.4	6.8	0.7
TOTAL	2001-2010	37.1	42.0	1.4

Source: Woods & Poole Economics, Inc.

Economic and Demographic Data - Christian County

Data Type	Period	Data Point	Data Point	Avg. Annual Comp. Change
Population - Christian County				
Historical	1980-2001	36.6	35.4	(0.2) %
	1990-2001	34.5	35.4	0.2
Projected	2001-2010	35.4	36.0	0.2
Retail Sales - Christian County				
Historical	1980-2001	231.8	313.9	1.5
	1990-2001	240.9	313.9	2.4
Projected	2001-2010	313.9	340.8	0.9
Personal Income Per Capita - Christian County				
Historical	1980-2001	17,022.0	22,915.0	1.4
	1990-2001	20,001.0	22,915.0	1.2
Projected	2001-2010	22,915.0	26,167.0	1.5
Personal Income - Christian County				
Historical	1980-2001	622.1	811.2	1.3
	1990-2001	689.2	811.2	1.5
Projected	2001-2010	811.2	942.9	1.7
Historical Employment - Christian County				
Farm	1980-2001	1.8	1.1	(2.2)
Agriculture Services, Other	1980-2001	0.1	0.2	3.0
Mining	1980-2001	1.0	0.1	(13.0)
Construction	1980-2001	0.7	1.4	3.3
Manufacturing	1980-2001	1.2	1.7	1.6
Trans., Comm. & Public Utils.	1980-2001	0.7	0.8	0.5
Total Trade	1980-2001	3.0	4.0	1.4
Wholesale Trade	1980-2001	0.8	0.8	0.2
Retail Trade	1980-2001	2.2	3.2	1.8
Finance, Insurance, & Real Estate	1980-2001	1.1	1.2	0.3
Services	1980-2001	2.9	4.9	2.6
Total Government	1980-2001	1.6	2.0	1.0
Federal Civilian Govt.	1980-2001	0.1	0.1	(0.8)
Federal Military Govt.	1980-2001	0.1	0.1	(0.5)
State & Local Govt.	1980-2001	1.4	1.9	1.2
TOTAL	1980-2001	14.2	17.4	1.0
Projected Employment - Christian County				
Farm	2001-2010	1.1	1.0	(1.4)
Agriculture Services, Other	2001-2010	0.2	0.2	0.9
Mining	2001-2010	0.1	0.1	0.8
Construction	2001-2010	1.4	1.8	2.3
Manufacturing	2001-2010	1.7	1.9	1.4
Trans., Comm. & Public Utils.	2001-2010	0.8	0.8	0.7
Total Trade	2001-2010	4.0	4.4	0.9
Wholesale Trade	2001-2010	0.8	0.9	1.7
Retail Trade	2001-2010	3.2	3.4	0.7
Finance, Insurance, & Real Estate	2001-2010	1.2	1.2	0.4
Services	2001-2010	4.9	5.8	1.9
Total Government	2001-2010	2.0	2.2	0.9
Federal Civilian Govt.	2001-2010	0.1	0.1	(0.8)
Federal Military Govt.	2001-2010	0.1	0.1	0.3
State & Local Govt.	2001-2010	1.9	2.0	1.0
TOTAL	2001-2010	17.4	19.3	1.2

Source: Woods & Poole Economics, Inc.

HIGHEST AND BEST USE ANALYSIS

Highest and Best Use is defined in The Dictionary of Real Estate Appraisal, Third Edition, as follows:

> *"The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum profitability."*

Because the presence of improvements can limit the possible uses of land, highest and best use is determined separately for the land as vacant, and for the site as improved. The highest and best use of the land as vacant may be different from the highest and best use of the improved property. This will occur when existing improvements create value in excess of the land alone, but do not add maximum value since the improvements are not the most beneficial use. The highest and best use of both the land as vacant and the site as improved is analyzed in the following paragraphs.

Site As Vacant

Legally Permissible

The highest and best use of a site, as vacant, begins with the analysis of legal restrictions. A proposed or existing use must be legally permissible. Zoning, deed restrictions, building codes, and environmental regulations are all legal restrictions that may limit a site's highest and best use.

Physically Possible

A proposed or existing use must also be physically possible. Uses might be limited by physical characteristics such as size, frontage, topography, soil and subsoil conditions and availability of utilities. Each factor can limit the possible uses for the site.

Financially Feasible/Maximally Productive

The final test of highest and best use is the test of financial feasibility and maximum productivity. Any development must satisfy the criteria of providing the maximum return.

In conclusion, based on the foregoing, it is our opinion that the highest and best use of each of the subject sites, as vacant, is as follows:

Property:	Highest and Best Use, As Vacant:
121 South 17th Street, Mattoon, IL	Office
1421 Charleston Avenue, Mattoon, IL	Office
2116 South 17th Street, Mattoon, IL	Warehouse/Distribution
1000 South Spresser, Taylorville, IL	Warehouse/Distribution

As Improved

There are two reasons for analyzing the highest and best use of the sites as improved. The first reason is to help identify comparable properties and the second is to decide whether the improvements should be demolished, renovated, or retained in their present condition. If the existing use meets the test of being physically possible and legally permissible, the remaining two tests of financial feasibility and maximal productivity must also be met.

The primary test of financial feasibility is a comparison of the value of the site as vacant, with the value estimate of the site as improved.

Based on the foregoing, it is our opinion that the highest and best use of each of the subject sites, as improved, is as follows:

Property:	Highest and Best Use, As Improved:
121 South 17th Street, Mattoon, IL	Office
1421 Charleston Avenue, Mattoon, IL	Office
2116 South 17th Street, Mattoon, IL	Warehouse/Distribution
1000 South Spresser, Taylorville, IL	Warehouse/Distribution

VALUATION THEORY

In traditional valuation theory, the three approaches to estimating the value of an asset are the cost approach, the sales comparison approach, and the income capitalization approach. In this appraisal, elements of the income approach and sales comparison approach are used to value the subject assets.

Cost Approach

The cost approach considers the cost to replace the existing improvements, less accrued depreciation, plus the market value of the land. Market participants typically do not consider the cost approach as a primary indicator of value on their purchase decision in a building the age of the subject. Due to the subjective nature of the estimate of physical depreciation, we have omitted the cost approach from this analysis. We do not believe the omission of the cost approach on the subject buildings, each which were originally constructed over 10 years ago, constitutes a departure from USPAP. Further, we do not believe the omission of the cost approach reduces the reliability of the value conclusion reported herein.

Sales Comparison Approach

The sales comparison approach estimates value based on what other purchasers and sellers in the market have agreed to as the price for comparable improved properties. This approach is based on the principle of substitution, which states that the limits of prices, rents and rates tend to be set by the prevailing prices, rents and rates of equally desirable substitutes. In conducting the sales comparison approach, we gather data on reasonably substitutable properties and make adjustments for factors including market conditions, zoning, location, conditions of sale, etc. The resulting adjusted prices lead to an estimate of the price one might expect to realize upon sale of the property. We have placed limited weight on the reliability of the data collected in this approach.

Income Capitalization Approach

The income capitalization approach simulates the reasoning of an investor who views the cash flows that would result from the anticipated revenue and expense on a property throughout its lifetime. The net income figure developed in an analysis is the balance of potential income remaining after vacancy, collection allowances and operating expenses. This net income is then capitalized at an appropriate rate to derive an estimate of value or discounted by an appropriate yield rate over a typical projection period in a discounted cash flow analysis.

Thus, two key steps are involved: (1) estimating the net income applicable to each of the subjects and (2) choosing appropriate capitalization rates and discount rates. The appropriate rates are ones that will provide both a return on the investment and a return of the investment over the life of the particular property. Primary emphasis was placed on the income capitalization approach in this analysis.

SALES COMPARISON APPROACH

In conducting our search for market data, we interviewed local real estate brokers and appraisers to obtain additional information about each property transaction. We made adjustments for differences in such factors as market conditions, location, size, age, condition and use. The unit of comparison used is the price per square foot of gross leasable area, chosen because it is the industry standard for this type of property and generally gives reliable results.

The following sales were selected since they represent the most comparable properties that have recently sold in the general area. The adjustment grids and value conclusions for each property are presented on the following pages. Please note that very limited actual sales data for warehouse/distribution uses were available to the appraisers; as such, we have also considered a number of sales listings in order to derive an estimate of value.

IMPROVED SALES COMPARISON GRID
121 S. 17th Street
Mattoon, Illinois
AS OF: July 25, 2002

	SUBJECT	SALE NO. 1		SALE NO. 2		SALE NO. 3		SALE NO. 4	
Location	121 S. 17th Street	1PSI Plaza		2501 Chatham Road		3435@Constitution		2009 Fox Drive	
City, State	Mattoon, Illinois	Effingham, Illinois		Springfield, Illinois		Springfield, Illinois		Champaign, Illinois	
Total Building Area	49,054	20,587		33,000		22,792		20,455	
Sale Price	----	$1,500,000		$2,900,000		$1,950,000		$1,600,000	
Unit Sales Price	----	$72.86		$87.88		$85.56		$78.22	
Adjustments									
Property Rights Conveyed	Leased Fee	Fee Simple	+	Fee Simple	+	Fee Simple	+	Fee Simple	+
Adjusted Unit Sales Price		$74.32		$89.64		$87.27		$79.78	
Financing Terms	----	Conventional	=	Conventional	=	Conventional	=	Conventional	=
Adjusted Unit Sales Price		$74.32		$89.64		$87.27		$79.78	
Conditions of Sale	----	Normal	=	Normal	=	Normal	=	Normal	=
Adjusted Unit Sales Price		$74.32		$89.64		$87.27		$79.78	
Market Conditions	Jul-02	Jun-01	=	Apr-01	=	Feb-01	=	Sep-97	+
Adjusted Unit Sales Price		$74.32		$89.64		$87.27		$86.96	
Location/Physical Adjustments									
Location/Access	Good/Good	Superior/Similar	-	Superior/Similar	-	Superior/Similar	-	Superior/Inferior	=
Occupancy	100%	100%	=	100%	=	100%	=	100%	=
Size (Sq. Ft.)	49,054	20,587	-	33,000	-	22,792	-	20,455	-
Age/Condition	1929-1995/Good	1970/Average	=	1996/Good	-	1997-1999/Good	-	1987/Average	=
Parking	Surface, Adequate	Similar	=	Similar	=	Similar	=	Similar	=
Quality of Construction	Good	Good	=	Good	=	Good	=	Good	=
Total Location/Physical Adjustments			-		-		-		-
Adjusted Price/Sq. Ft.		$66.89		$77.99		$74.18		$82.61	

Minimum Adjusted Price:	$66.89
Maximum Adjusted Price :	$82.61
Mean Adjusted Price :	$75.42
Concluded Price/Sq. Ft.:	$75.00
Concluded Value:	$3,679,050
Rounded	**$3,680,000**

IMPROVED SALES COMPARISON GRID
1421 Charleston Avenue
Mattoon, Illinois
AS OF: July 25, 2002

	SUBJECT	SALE NO. 1		SALE NO. 2		SALE NO. 3		SALE NO. 4	
Location	1421 Charleston Avenue	1PSI Plaza		2501 Chatham Road		3435 Liberty@Constitution		2009 Fox Drive	
City, State	Mattoon, Illinois	Effingham, Illinois		Springfield, Illinois		Springfield, Illinois		Champaign, Illinois	
Total Building Area	30,687	20,587		33,000		22,792		20,455	
Sale Price	----	$1,500,000		$2,900,000		$1,950,000		$1,600,000	
Unit Sales Price	----	$72.86		$87.88		$85.56		$78.22	
Adjustments									
Property Rights Conveyed	Leased Fee	Fee Simple	+	Fee Simple	+	Fee Simple	+	Fee Simple	+
Adjusted Unit Sales Price		$74.32		$89.64		$87.27		$79.78	
Financing Terms	----	Conventional	=	Conventional	=	Conventional	=	Conventional	=
Adjusted Unit Sales Price		$74.32		$89.64		$87.27		$79.78	
Conditions of Sale	----	Normal	=	Normal	=	Normal	=	Normal	=
Adjusted Unit Sales Price		$74.32		$89.64		$87.27		$79.78	
Market Conditions	Jul-02	Jun-01	=	Apr-01	=	Feb-01	=	Sep-97	+
Adjusted Unit Sales Price		$74.32		$89.64		$87.27		$86.96	
Location/Physical Adjustments									
Location/Access	Good/Good	Superior/Similar	-	Superior/Similar	-	Superior/Similar	-	Superior/Inferior	=
Occupancy	100%	100%	=	100%	=	100%	=	100%	=
Size (Sq. Ft.)	30,687	20,587	-	33,000	=	22,792	-	20,455	-
Age/Condition	1928-1992/Good	1970/Average	=	1996/Good	-	1997-1999/Good	-	1987/Average	=
Parking	Surface, Adequate	Similar	=	Similar	=	Similar	=	Similar	=
Quality of Construction	Good	Good	=	Good	=	Good	=	Good	=
Total Location/Physical Adjustments			-		-		-		-
Adjusted Price/Sq. Ft.		$66.89		$80.68		$74.18		$82.61	

Minimum Adjusted Price:	$66.89
Maximum Adjusted Price :	$82.61
Mean Adjusted Price :	$76.09
Concluded Price/Sq. Ft.:	$76.00
Concluded Value:	$2,332,212
Rounded	**$2,330,000**

IMPROVED SALES COMPARISON GRID
2116 S. 17th Street
Mattoon, Illinois
AS OF: July 25, 2002

	SUBJECT	SALE NO. 1		SALE NO. 2		LISTING NO. 1	
Location	2116 S. 17th Street	100 Airlewn Drive		1500 Ohio Street		713 Edgebrook	
City, State	Mattoon, Illinois	Taylorville, Illinois		Rantoul, Illinois		Champaign, Illinois	
Total Building Area	30,883	10,000		43,709		10,000	
Sale Price	----	$105,000		$1,425,000		$450,000	
Unit Sales Price	----	$10.50		$32.60		$45.00	
Adjustments							
Property Rights Conveyed	Leased Fee	Leased Fee	=	Fee Simple	+	Leased Fee	=
Adjusted Unit Sales Price		$10.50		$33.25		$45.00	
Financing Terms	----	Conventional	=	Conventional	=	Conventional	=
Adjusted Unit Sales Price		$10.50		$33.25		$45.00	
Conditions of Sale	----	Normal	=	Normal	=	Listing - Pending Sale	-
Adjusted Unit Sales Price		$10.50		$33.25		$38.25	
Market Conditions	Jul-02	Dec-99	=	Sep-98	+	N/A	=
Adjusted Unit Sales Price		$10.50		$36.24		$38.25	
Location/Physical Adjustments							
Location/Access	Average/Average	Inferior/Inferior	+	Similar/Similar	=	Superior/Superior	-
Occupancy	100%	100%	=	100%	=	100%	=
Size (Sq. Ft.)	30,883	10,000	-	43,709	=	10,000	-
Age/Condition	1986/Average	N/A/Fair	+	1978/Good	-	1975/Average	+
Parking	Surface, Adequate	Similar	=	Similar	=	Similar	=
Quality of Construction	Average	Fair	+	Good	-	Average	=
Total Location/Physical Adjustments			+		-		-
Adjusted Price/Sq. Ft.		$20.48		$32.62		$37.10	

Minimum Adjusted Price:	$20.48
Maximum Adjusted Price :	$37.10
Mean Adjusted Price :	$30.07
Concluded Price/Sq. Ft.:	$32.00
Concluded Value:	$988,256
Rounded	**$990,000**

IMPROVED SALES COMPARISON GRID
1000 S. Spresser
Taylorville, Illinois
AS OF: July 25, 2002

	SUBJECT	SALE NO. 1		SALE NO. 2		LISTING NO. 1	
Location	1000 S. Spresser	100 Airlewn Drive		1500 Ohio Street		411 E. Park	
City, State	Taylorville, Illinois	Taylorville, Illinois		Rantoul, Illinois		Champaign, Illinois	
Total Building Area	14,655	10,000		43,709		8,567	
Sale Price	----	$105,000		$1,425,000		$159,900	
Unit Sales Price	----	$10.50		$32.60		$18.66	
Adjustments							
Property Rights Conveyed	Leased Fee	Leased Fee	=	Fee Simple	=	Leased Fee	=
Adjusted Unit Sales Price		$10.50		$32.60		$18.66	
Financing Terms	----	Conventional	=	Conventional	=	Conventional	=
Adjusted Unit Sales Price		$10.50		$32.60		$18.66	
Conditions of Sale	----	Normal	=	Normal	=	Listing - Pending Sale	-
Adjusted Unit Sales Price		$10.50		$32.60		$15.86	
Market Conditions	Jul-02	Dec-99	=	Sep-98	+	N/A	=
Adjusted Unit Sales Price		$10.50		$35.53		$15.86	
Location/Physical Adjustments							
Location/Access	Average/Average	Similar/Similar	=	Superior/Superior	-	Superior/Superior	-
Occupancy	100%	100%	=	100%	=	0%	+
Size (Sq. Ft.)	14,655	10,000	=	43,709	+	8,567	=
Age/Condition	1979/Average	N/A/Fair	+	1978/Good	-	NA/Average	=
Parking	Good	Similar	=	Similar	=	Similar	=
Quality of Construction	Average	Fair	+	Good	-	Average	=
Total Location/Physical Adjustments			+		-		-
Adjusted Price/Sq. Ft.		$12.08		$19.54		$15.07	

Minimum Adjusted Price:	$12.08
Maximum Adjusted Price :	$19.54
Mean Adjusted Price :	$15.56
Concluded Price/Sq. Ft.:	$15.50
Concluded Value:	$227,153
Rounded	**$230,000**

INCOME CAPITALIZATION APPROACH

The Income Capitalization Approach is based on the premise that value is created by the expectation of future benefits. We estimated the present value of those benefits for each property to derive an indication of the amount that a prudent, informed purchaser-investor would pay for the right to receive such benefits, as of the valuation date.

This approach requires an estimation of the net operating income of a property. The estimated net operating income is then converted to a value indication by use of either the direct capitalization method or the discounted cash flow analysis.

The discounted cash flow ("DCF") analysis focuses on the operating cash flows expected from each of the properties and the anticipated proceeds of a hypothetical sale at the end of an assumed holding period (reversion). These amounts are then discounted to their present value. The discounted present values of the income stream and the reversion are added to obtain a value indication. Because benefits to be received in the future are worth less than the same benefits received in the present, this method weights income projected in the early years more heavily than the income and the sale proceeds to be received in later years.

Direct capitalization uses a single year's stabilized net operating income as a basis for a value indication. It converts estimated "stabilized" annual net operating income to a value indication by dividing the income by a capitalization rate. The rate chosen includes a provision for recapture of the investment and should reflect all factors that influence the value of the property, such as tenant quality, property condition, neighborhood change, market trends, interest rates and inflation. The rate may be inferred from local market transactions or, when transaction evidence is lacking, obtained from trade sources.

In some situations, both methods yield similar results. The DCF method is more appropriate for the analysis of investment properties with multiple or long-term leases, particularly leases with escalation provisions, cancellation clauses or renewal options, and especially in volatile markets. The direct capitalization method is normally more appropriate for properties with relatively stable operating histories and expectations.

The strength of the DCF method is its ability to recognize variations in projected net income, such as those caused by inflation, stepped leases, neighborhood change, or tenant turnover. Its weakness is that it requires many judgments about how likely buyers and sellers of the property would predict the future performance of the property and the market.

According to Homebase, each of the subject properties will have one-year leases that can be renewed through year 10. Given the sale-lease nature of the transaction, we are assuming that these leases will be secured throughout the 10-year period at market rates. As such, we have utilized the DCF analysis for this value scenario.

Please note that the appraisers were not provided with any lease contracts that will be exercised upon the sale-lease transaction. According to Homebase, each of the subject properties will be leased at no higher than market rates on a year-to-year, absolute net basis, with nine renewal options at the predetermined lease rate. This lease rate is assumed to escalate by 2.5% annually. At the end of the 10-year renewable option period, Homebase has the right to continue to lease all subject space, albeit at market rates. For the purpose of this analysis, and considering the history of the tenants in place, we are assuming that the subject leases will be secured throughout the 10-year period (commencing on August 1, 2002), subsequent to which there will be a probability of renewal at market rates, and a probability of vacation/re-lease. We have accounted for the risk of Homebase not exercising its renewals during the holding period in our financial modeling.

The following chart summarizes the assumed lease rates for the subject properties, assuming an August 1, 2002 commencement date for each:

Property:	**Proposed Yr. 1 Contract Rent PSF:**	**Escalations:**	**Expense Treatment:**
121 South 17th Street, Mattoon	$10.89	2.5% increase annually	NNN
1421 Charleston Avenue, Mattoon	$9.91	2.5% increase annually	NNN
2116 South 17th Street, Mattoon	$4.45	2.5% increase annually	NNN
1000 South Spresser, Taylorville	$1.93	2.5% increase annually	NNN

Discounted Cash Flow Method – Leased Fee

The first step in the Discounted Cash Flow Method is to estimate the gross potential income of the property, taking the proposed lease terms provided by Homebase into account. The next step was to determine gross potential income including tenant reimbursements over the analysis period. From gross potential income, we subtracted operating expenses and a capital reserve amount to estimate the property's cash flow before debt service over the analysis period. We have completed our discounted cash flow analysis on ARGUS lease analysis software.

In addition to the lease payments, Homebase is responsible for all expenses associated with the property, including, without limitation, real estate taxes, insurance and all common area expenses. Homebase is also responsible for maintaining all parts of the premises in good repair and condition, except for ordinary wear and tear, and will make all structural and non-structural repairs necessary.

We were not provided with any detailed historical expense information for the subject properties. As such, in estimating our revenue and expense projections for each property, we relied on aggregate figures published in Building Owners and Managers Association's *Experience Exchange Report, 2002,* as well as those in National Association of Industrial and Office Properties' *Industrial Income and Expense Report, 2001 - 2002*. Additionally, we have spoken to a number of local representatives to cross-check our assumptions.

With anticipated changes in market conditions, buyers and sellers of this type of property would place primary emphasis on discounted cash flow method, which takes into account both current and future market conditions, which are accounted for in applicable discount and terminal capitalization rates. In order to estimate an applicable discount rate for all subsequent lease years and a terminal capitalization rate to be applied to the reversions in year 10, we relied on several national organizations that periodically survey real estate investors for discount rate information. Included in these surveys are Korpacz, PricewaterhouseCoopers, and Cushman & Wakefield. In addition, we have spoken with several local investors and real estate experts. Based on our analysis, the estimated market value of the leased fee interest in the subject properties are presented in the following tables.

Present Value Summary

121 South 17th Street, Mattoon, IL

Analysis Period	**For the Year Ending**	**Annual Cash Flow**	**P.V. of Cash Flow @ 16.5%**
Year 1	Jul-2003	$510,490	$470,411
Year 2	Jul-2004	523,126	413,777
Year 3	Jul-2005	536,166	364,028
Year 4	Jul-2006	549,530	320,258
Year 5	Jul-2007	563,229	281,753
Year 6	Jul-2008	577,267	247,875
Year 7	Jul-2009	591,656	218,073
Year 8	Jul-2010	606,404	191,852
Year 9	Jul-2011	621,520	168,785
Year 10	Jul-2012	630,046	146,921
Reversion	Jul-2013	(320,784)	(64,152)
Total Cash Flow		**$5,388,650**	**$2,759,581**
Property Resale @ 15.0% Cap Rate		3,369,717	1,069,155
Total Property Present Value			$3,828,736
			===========
Rounded			**$3,830,000**
			===========
Per SqFt			$78.08

Present Value Summary

1421 Charleston Avenue, Mattoon, IL

Analysis Period	For the Year Ending	Annual Cash Flow	P.V. of Cash Flow @ 16.0%
Year 1	Jul-2003	$290,551	$268,350
Year 2	Jul-2004	297,741	237,058
Year 3	Jul-2005	305,164	209,456
Year 4	Jul-2006	312,770	185,066
Year 5	Jul-2007	320,567	163,517
Year 6	Jul-2008	328,558	144,476
Year 7	Jul-2009	336,747	127,653
Year 8	Jul-2010	345,140	112,789
Year 9	Jul-2011	353,744	99,655
Year 10	Jul-2012	358,596	87,119
Reversion	Jul-2013	(182,647)	(38,219)
Total Cash Flow		**$3,066,931**	**$1,596,920**
Property Resale @ 14.5% Cap Rate		2,439,977	774,164
Total Property Present Value			$2,371,084
			==========
Rounded			**$2,370,000**
			==========
Per SqFt			$77.23

Present Value Summary

2116 South 17th Street, Mattoon, IL

Analysis Period	For the Year Ending	Annual Cash Flow	P.V. of Cash Flow @ 16.0%
Year 1	Jul-2003	$130,341	$120,381
Year 2	Jul-2004	133,560	106,340
Year 3	Jul-2005	136,886	93,954
Year 4	Jul-2006	140,293	83,012
Year 5	Jul-2007	143,787	73,343
Year 6	Jul-2008	147,365	64,801
Year 7	Jul-2009	151,033	57,253
Year 8	Jul-2010	154,793	50,585
Year 9	Jul-2011	158,647	44,693
Year 10	Jul-2012	160,520	39,000
Reversion	Jul-2013	(66,658)	(15,178)
Total Cash Flow		**$1,390,567**	**$718,184**
Property Resale @ 14.5% Cap Rate		1,119,579	355,224
Total Property Present Value			$1,073,408
			==========
Rounded			**$1,070,000**
			==========
Per SqFt			$34.65

Present Value Summary

1000 South Spresser, Taylorville, IL

Analysis Period	For the Year Ending	Annual Cash Flow	P.V. of Cash Flow @ 16.0%
Year 1	Jul-2003	$26,079	$24,086
Year 2	Jul-2004	26,721	21,275
Year 3	Jul-2005	27,382	18,794
Year 4	Jul-2006	28,059	16,603
Year 5	Jul-2007	28,754	14,667
Year 6	Jul-2008	29,465	12,957
Year 7	Jul-2009	30,195	11,446
Year 8	Jul-2010	30,942	10,111
Year 9	Jul-2011	31,708	8,933
Year 10	Jul-2012	31,856	7,741
Reversion	Jul-2013	(69,377)	(14,387)
Total Cash Flow		**$221,784**	**$132,226**
Property Resale @ 14.5% Cap Rate		283,997	90,108
Total Property Present Value			$222,334
Rounded			**$220,000**
Per SqFt			$15.01

RECONCILIATION AND FINAL VALUE ESTIMATE

The two approaches to value are utilized to provide a check whereby all factors are considered in each approach. Inherent in each is an interpretation of market conditions as they affect the property. If only one approach was used, a factor may be overlooked or misinterpreted. The quality and quantity of the data in each approach has been considered, along with the relevancy of each for the property.

Given the age of each of the subject properties and the subjective nature of the estimate of physical depreciation, we have omitted the cost approach from this analysis. We do not believe the omission of the cost approach constitutes a departure from the Uniform Standards of Professional Appraisal Practice (USPAP). Further, we do not believe the omission of the cost approach reduces the reliability of the valuation conclusion reported herein.

The sales comparison approach involves direct comparison of the property being appraised to similar properties that have sold in the same or similar market. Improved sales from the subjects' area were analyzed to develop investment criteria for purchasers in the market. Based on the characteristics of the sales in relation to the subject we were able to arrive at an estimate of value. The sales presented in the Sales Comparison Approach are comparable to the subjects and adjustments for differences between the subjects and the comparable sales are somewhat subjective. The recent sales are not truly comparable to the subject's finish, quality, and location appeal. In addition, limited sales data was available for warehouse/distribution uses. As a result, the sales comparison approach is given little weight in our value conclusion.

The data collected for the Income Capitalization Approach is recent and considered reliable. Strong indicators of market rental rates, absorption, and expenses were included in the analysis. This approach is considered to be most applicable in the subject's valuation, since a prospective purchaser would likely purchase the property based on its income-producing characteristics. The discounted cash flow analysis is generally regarded as the most reliable method for estimating the value of an income producing property such as the subject building. This approach primarily emphasizes the economic productivity of the asset. It is based on the premise that value is created by the expectation of future benefits. We estimate the present value of those benefits to derive an indication of the amount that a prudent, informed purchaser-investor would pay for the right to receive them as of the valuation date. This approach is applicable for the leased fee value scenario. The sales comparison approach is considered a secondary approach to value and supports the income approach conclusion.

Based upon our findings, it is our opinion that the market value of the leased fee interest in the subject properties, as of July 25, 2002 are as follows:

Property:	**Use:**	**As-is Market Value Estimate:**
121 South 17th Street, Mattoon, IL	Office	$3,830,000
1421 Charleston Avenue, Mattoon, IL	Office	$2,370,000
2116 South 17th Street, Mattoon, IL	Warehouse/Distribution	$1,070,000
1000 South Spresser, Taylorville, IL	Warehouse/Distribution	$220,000